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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

James K. Smith
Director
Federal Relations

January 28, 1997

EX PARTE OR LATE FILED

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Room 222
Washington, DC 20554

Re: **Ex Parte Statement**
CC Docket 96-98

Dear Mr. Caton:

On January 27, 1997, Mr. Dan Kocher, Mr. Terry Appenzeller, Mr. Tony Alessi and I met with Mr. Richard Lerner, Mr. Sherille Ismail, Mr. Steve Spaeth and Mr. Edward Krachmer of the Competitive Pricing Division to discuss Ameritech's position as set forth in the attachment hereto.

Sincerely,

Attachment

cc: R. Lerner
S. Ismail
S. Spaeth
E. Krachmer

No. of Copies rec'd
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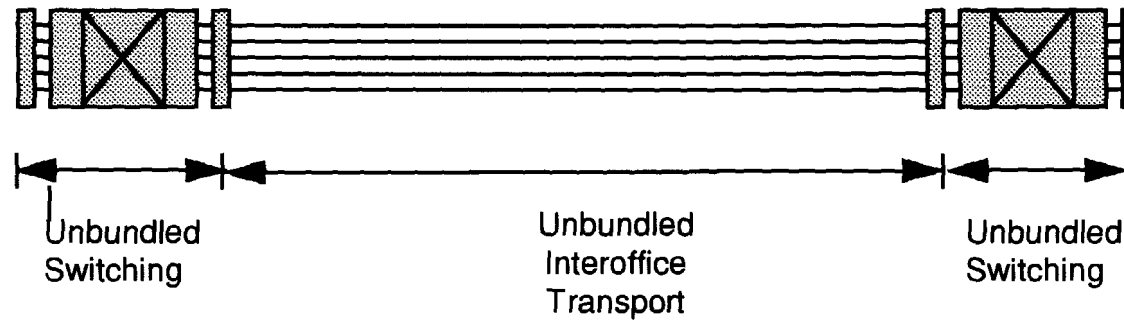
Unbundled Network Elements

Dedicated and Shared Transport

'96 Act Requirements

- Access to Network Elements (251(c)(3))
- Resale - Network Services at Wholesale Rates(251(c)(4))
- Checklist - Local Transport Unbundled from switching (271(c)(2)(B)(v))

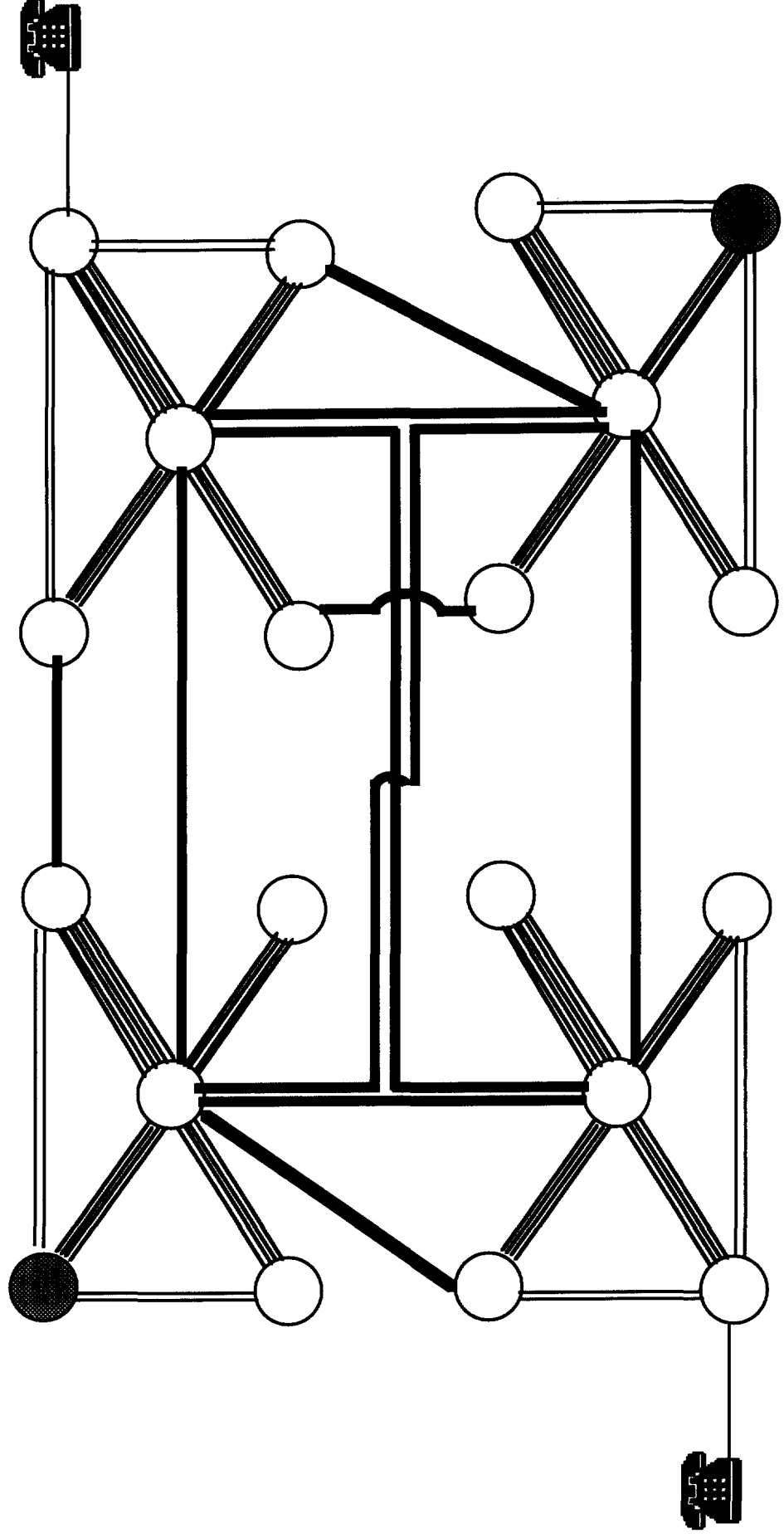
Network Element Concepts



“Common” Transport

- Loosely used Term
- Conceptually used to describe basic network connectivity
- Used to Support all Services
- Available as Switched Access and wholesale toll or local usage

Wholesale Network Services



Wholesale Services

- Discounts on services offered to retail customers
- Offered at Wholesale Prices:
$$\text{Retail Price} - \text{Avoided Costs} = \text{Wholesale Price}$$
- Carrier Access Services classified as a Wholesale services.

Common Transport

- Was a Part 69 Defined Rate Element, Now Called Tandem Switched Transport
- Is not a discrete network element, simply uses the existing public switched network
- Integral part of the Public Switched Network requiring hundreds of components used in “common”.
- Inextricably intertwined with switching, not “transport unbundled from switching”

Common Transport Available at Access and Wholesale Rates

- Functions Available as Wholesale Services for use with Unbundled Local Switching
- May be accessed without custom routing
- Technically identical to Ameritech's Access and Retail services
- Pricing Issue

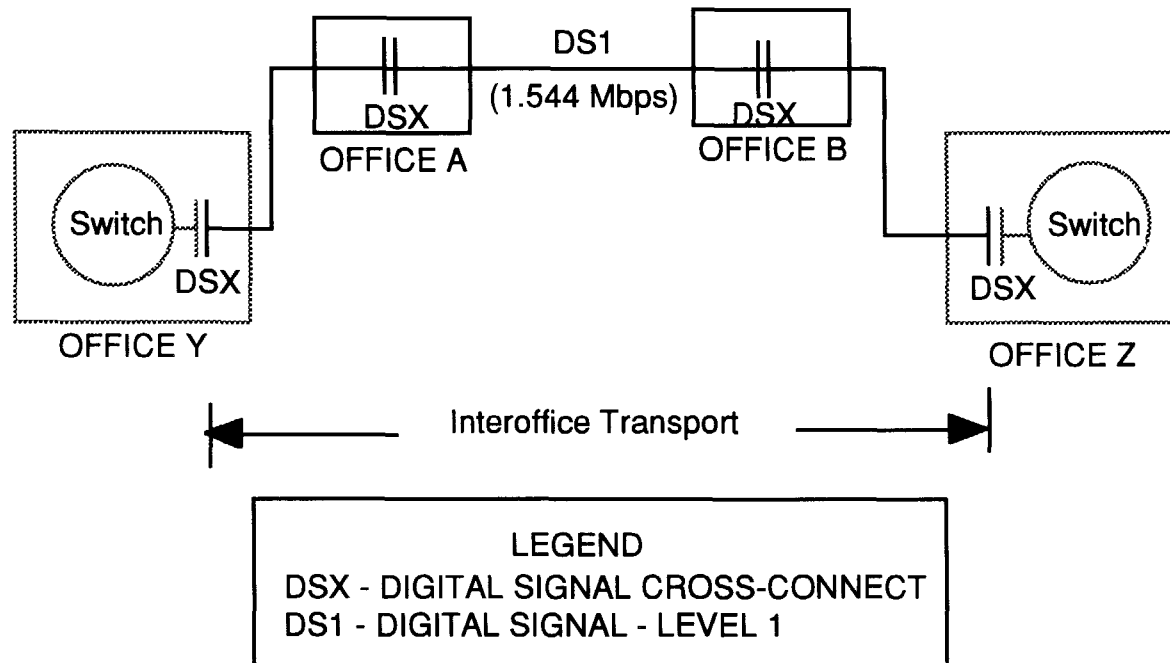
Common Transport Identical to Retail/Wholesale Services

- Public Switched Network carries call
- Same facilities used for calls of retail and wholesale customers
- Common Transport is service combining:
 - Local Switch Ports
 - Interoffice Facilities
 - Tandem Switch Ports

Interoffice Transport Network Element

- Unbundled from Switching or other services
- Discrete facility or equipment
- Used in the provision of Telecommunications service
- Accessible by the requesting Telecommunication Carrier

Unbundled Interoffice Transport



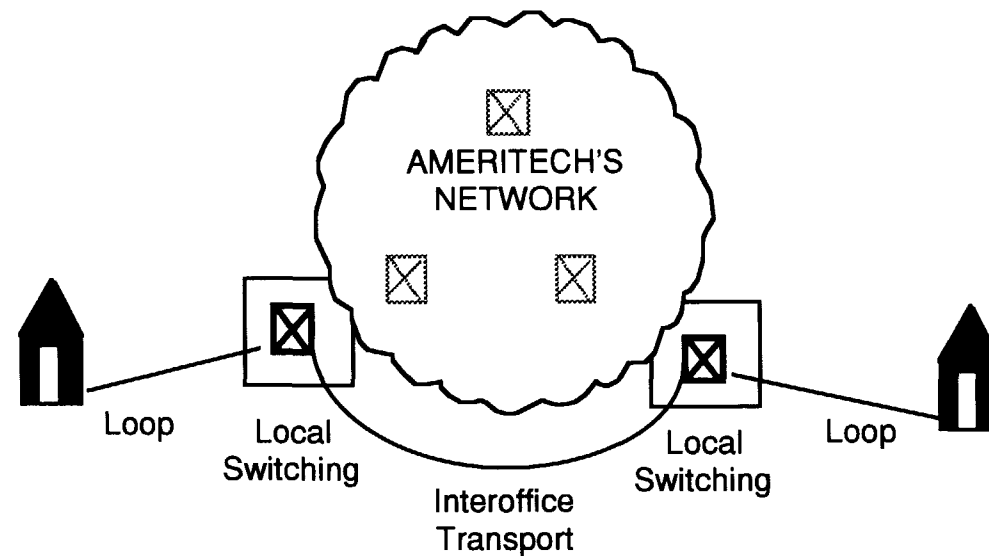
Interoffice Transport Billing Options

- **Dedicated - A Discrete Network Element Used Exclusively by a single Carrier and Billed to that Carrier**
- **Shared - A Discrete Network Element Jointly Used by Two or More Carriers. Bill Prorated as Directed by Sharers**

Attributes of the Interoffice Transport Network Element

- May be combined with other network Elements
- Provided between two Ameritech Offices, an Ameritech Office and an TC's Office, or between two TCs' Offices
- Standard Offerings DS1, DS3, OC-3, OC-12, OC-48
- Other types available upon request

Network Elements versus Ameritech's Network Services



Summary

- SHARED TRANSPORT IS DIFFERENT THAN COMMON TRANSPORT
 - » SHARED TRANSPORT IS A NETWORK ELEMENT
 - Consistent with 96-98 Order (paragraphs 439-443)
 - Consistent with Network Element pricing in Section 252
 - Provides new entrants with alternatives for transporting traffic between offices.

Summary (Cont.)

- » COMMON TRANSPORT IS PART OF SWITCHED ACCESS SERVICE OR RESOLD LOCAL SERVICE AND IS NOT A NETWORK ELEMENT
 - Not a required unbundled element as part of "interoffice facilities" in 96-98 Order.
 - Not "unbundable" like other network elements by the common nature of the network.
 - Available to new entrants as access service or local resold service.
 - New entrants can submit a bona fide request to recombine Network Elements to create common transport if they desire.

Summary (Cont.)

- IF SHARED TRANSPORT EQUALS COMMON TRANSPORT IT WOULD UNDERMINE EXISTING ACCESS, TOLL AND LOCAL USAGE RATES
 - » Evaluate any change in common transport pricing in conjunction with Access Reform.
 - » Repricing at TLRIC rates has significant impact.
 - » Impacts state jurisdiction--toll and usage.
 - » Reforms access through the back door.
 - » Impacts small LECs as part of the common network.

Summary (Cont.)

- STATES RECOGNIZE AMBIGUITY OF 96-98 ORDER AND HAVE NOT GENERALLY EQUATED SHARED TRANSPORT WITH COMMON TRANSPORT.
 - » MCI/Ameritech arbitration decision in Illinois
 - » Pending MCI/Ameritech arbitration decision in Ohio

Illinois MCI/ Ameritech Arbitration Decision (12/17/96)

- Page 28: "We conclude that there is considerable ambiguity in the FCC's reference to 'shared transport'...we are unwilling to conclude that the FCC thereby intended to preclude the provision of 'common transport' as an unbundled network element. It is possible that the FCC did not use the term common transport because it did not want to create confusion with what interexchange carriers use for access...To the extent MCI requests access to 'common transport' as an unbundled network element, it should do so through the bona fide request process."

OHIO MCI/AMERITECH ARBITRATION PANEL DECISION (PENDING)

- Page 10: "MCI defines 'common transport as an interoffice transmission path between Ameritech network elements shared by carriers. MCI also considers shared and common transport to be synonymous. The panel sees no need to require Ameritech to offer common transport as defined by MCI. Therefore, we recommend that the Commission reject MCI's proposal, as well as MCI's proposal to set rates for common transport."

Part 69 Section 51.319 (d)

Interoffice Transmission Facilities

- (1) Interoffice transmission facilities are defined as incumbent LEC transmission facilities dedicated to a particular customer or carrier, or shared by more than one customer or carrier, that provide telecommunications between wire centers owned by incumbent LECs or requesting telecommunications carriers, or between switches owned by incumbent LECs or requesting telecommunications carriers.